



**U.S. Department of Justice  
U.S. Attorney's Office  
Western District of Texas**

**Johnny Sutton, U.S. Attorney**

**FOR IMMEDIATE RELEASE**

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**COMPANY PRESIDENT SENTENCED TO FEDERAL PRISON  
ON MAIL FRAUD AND MONEY LAUNDERING CHARGES**

**U.S. Attorney Johnny Sutton** announced today that 38-year-old Terry Ray Pennell, President of Rescom DataTech, Inc. based in Pflugerville, Texas, was sentenced this morning in Austin, Texas, to 41 months in federal prison for mail fraud and money laundering. In addition, United States District Judge Harry Lee Hudspeth ordered Pennell to pay restitution in the amount of \$234,552.48 and be placed under supervised release for a period of three years after completing his prison term.

On May 1, 2003, a federal jury convicted Pennell of 12 counts of mail fraud and seven counts of money laundering. In March 1999, Pennell opened an account at City National Bank (CNB) for Rescom in which Pennell was sole signatory on the account. Pennell had sole authority and control over the financial activity of Rescom. Subsequently, CNB and Rescom entered into a factoring agreement, in which the bank advanced money to Pennell in exchange for Rescom's assignment of accounts receivables.

Specifically, the factoring agreement required Pennell to provide invoices for completed work (valid receivables) to the bank for payment. CNB then provided Pennell 80 percent of the invoiced amount, less a 3 to 4 percent fee. The remaining 20 percent went into a reserve account controlled by the bank. When the invoice was paid, the 20 percent was released to Pennell from the reserve account to the operating account. If the invoice was not paid within 120 days, Rescom was required to buy back the invoice from the bank. The buyback was accomplished when the bank withdrew 100 percent of the invoice amount from the reserve account. Furthermore, Rescom was required to maintain 20 percent of all outstanding invoices in the reserve account. Pursuant to the agreement, Rescom was only allowed to have a \$250,000 balance on outstanding receivables. In June of 1999, CNB increased this figure to \$400,000.

Beginning in March 1999, Pennell transmitted via computer modem and electronic media from Texas, to Private Business, Inc. (PBI) located in Nashville, Tennessee, invoices for completed work. As a result of this transmission, PBI sent a "report" to CNB, causing CNB to transfer 80 percent of the total invoice to Rescom's operating account, less the fee. Almost immediately, Pennell began submitting invoices for work that was not yet completed. According to testimony at trial by several bank witnesses and business associates, Pennell was advised that he could not submit an invoice until the work had been completed.

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In March of 2000, a CNB employee realized that Pennell was violating the terms of the factoring agreement. The investigation determined that Pennell not only submitted numerous invoices prior to the completion of work on a job, but he also created fictitious invoices for jobs that didn't exist.

This case is being investigated by the Federal Bureau of Investigation and the Internal Revenue Service - Criminal Investigation. Assistant United States Attorney Michelle McElroy prosecuted this case on behalf of the Government.

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